



Reid Bill Continues “Unsustainable” Premium Increases

Moving the goalposts from lowering costs to maintaining the status quo

Since last year, Democrats have consistently shifted the benchmarks for what their proposals would do to American health care premiums. CBO now shows that the bill falls short on every single metric.

Democrats have consistently moved the bar on reform – although the goal used to be lowering premiums for families and businesses...

- **Candidate Obama:** “I have made a solemn pledge that I will sign a universal health care bill into law by the end of my first term as president that will cover every American and cut the cost of a typical family’s premiums by up to \$2,500 a year.” - [Hartford, CT, June 23, 2007](#)
- **Senator Stabenow:** “High health care costs are causing cuts in benefits and increases in premiums, adding to the ranks of the uninsured at alarming rates. But the impact of this problem goes beyond individual families. Skyrocketing health care costs make our businesses less competitive in the global marketplace and cost us good-paying jobs.” - [Senator Stabenow’s website](#)
- **Vice President Biden:** “The status quo of rising premiums is simply unsustainable for families, for businesses, for state budgets and for our national economy.” - [UPI, September 22, 2009](#)
- **President Obama:** “The plan I’m announcing tonight... will slow the growth of health care costs for our families, our businesses, and our government.” - President Obama’s Speech to Congress, [September 9, 2009](#)

... CBO has now said that **90 percent of Americans will see their premiums increase or see virtually the same increases as they do year after year.** ^[i] *That’s preserving the status quo, not decreasing costs as promised.*

As President Obama said recently, “I will not accept the status quo. Not this time, not now.”^[iii]

CBO estimates that individuals who get their health care through small businesses or larger employers (which represents 83 percent of Americans according to CBO) will see **premiums continue to increase by 5-6 percent per year.** By 2016, the typical family will be paying more than \$20,000 a year for health insurance.^[iii]

Firm size	Family Premium			Average annual growth rate, 2009-2016	
	Now ^[iv]	2016 ^[v] (Reid bill)	2016 ^[vi] (Current law)	Under Reid bill	Under current law
Small business	\$12,696	\$19,200	\$19,300	6.09%	6.17%
Large business	\$13,704	\$20,100	\$20,300	5.62%	5.77%

According to CBO, the Reid bill leaves 23 million uninsured, raises premiums in the individual market 10-13 percent for those without a subsidy, does nothing for those with employer provided coverage, spends \$2.5 trillion more than current law, and will increase federal health care spending by \$160 billion.

Even by the Democrats’ own definition, that’s not reform.

^[i] CBO letter to Senator Evan Bayh, November 30, 2009, at: <http://cbo.gov/ftpdocs/107xx/doc10781/11-30-Premiums.pdf>; the table on page 5 shows that only 18 million of 191 million privately insured Americans in 2016 would see their premium costs go down due to subsidies; the remaining 90 percent would see their costs stay roughly flat, decrease by no more than 3 percent, or increase greatly; annual premium growth would hardly be affected at all.

^[ii] “Protests over Obama health reform,” BBC News, September 12, 2009, at: <http://news.bbc.co.uk/2/hi/8252939.stm>.

^[iii] CBO letter to Senator Bayh, page 5.

^[iv] Average premiums in 2009 based on Kaiser Family Foundation Employer Health Benefits 2009 Annual Survey, at: <http://ehbs.kff.org/pdf/2009/7936.pdf>.

^[v] CBO estimate of the average premium per policy under Reid bill, from CBO letter to Senator Bayh, page 8.

^[vi] CBO estimate of the average premium per policy under current law, from CBO letter to Senator Bayh, page 8.